

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider Program
Refinements, and Establish Forward Resource
Adequacy Procurement Obligations

Rulemaking 19-11-009
(Filed November 7, 2019)

**MOTION OF THE
ALLIANCE FOR RETAIL ENERGY MARKETS, CALIFORNIA LARGE ENERGY
CONSUMERS ASSOCIATION, DIRECT ACCESS CUSTOMER COALITION,
ENERGY USERS FORUM, SHELL ENERGY NORTH AMERICA (US), L. P., AND
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
REQUESTING CONSIDERATION OF THE EFFECTS OF COVID-19 ON THE
SYSTEM RESOURCE ADEQUACY REQUIREMENTS
FOR THE 2021 COMPLIANCE YEAR**

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CONSULTANT TO
ALLIANCE FOR RETAIL ENERGY MARKETS

AND ON BEHALF OF
JOINT PARTIES

May 15, 2020

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Pursuant to Section 11.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the undersigned representatives of load-serving entities (“LSEs”) and customers (“Joint Parties”) hereby move¹ for the Commission, in consultation with the California Energy Commission (“CEC”) and California Independent System Operator (“CAISO”), to take appropriate action in this Rulemaking to consider the effects of the novel coronavirus (“COVID-19”) pandemic on electricity demand and to address those effects in the System Resource Adequacy (“RA”) program. The parties comprising the Joint Parties are: Alliance for Retail Energy Markets (“AReM”),² the California Large Energy Consumers

¹ Pursuant to Section 1.8(d) of the Commission’s Rules of Practice and Procedure, AReM has been authorized by the parties listed to file this Motion on their behalf.

² AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California’s direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

Association (“CLECA”),³ Direct Access Customer Coalition (“DACC”),⁴ Energy Users Forum (“EUF”),⁵ Shell Energy North America (US), L. P., and The Regents of the University of California in its role as an Electric Service Provider (“UC”).⁶ The Joint Parties are concurrently filing a separate motion in this proceeding to shorten the normal response time for motions to seven days with responses due May 22, 2020.

I. FACTS IN SUPPORT OF THE MOTION

On January 22, 2020, in Docket #19-IEPR-01, the CEC adopted the California Energy Demand 2020 – 2030 Forecast (“CED 2019”) in its Integrated Energy Policy Report (“IEPR”) proceeding. As noted by the CEC, “CED 2019 will serve as a key input into a number of planning and procurement efforts, including transmission and distribution system planning, integrated resource planning, and resource adequacy assessments.”⁷ The Commission establishes the 2021 RA requirements for LSEs based on this IEPR load forecast.

³ CLECA is an organization of large, high load factor industrial customers located throughout the state; the members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, and mining industries, and share the fact that electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation. CLECA has been an active participant in Commission regulatory proceedings since 1987, and all CLECA members engage in Demand Response (DR) programs to both promote grid reliability and help mitigate the impact of the high cost of electricity in California on the competitiveness of manufacturing. CLECA members have participated in the Base Interruptible Program (BIP) and its predecessor interruptible and non-firm programs since the early 1980s.

⁴ DACC is concurrently submitting a motion for party status in this proceeding. DACC is a regulatory alliance of educational, commercial, industrial and governmental customers who have opted for direct access to meet some or all of their electricity needs. In the aggregate, DACC member companies represent over 1,900 MW of demand that is met by both direct access and bundled utility service and about 11,500 GWH of statewide annual usage.

⁵ EUF is concurrently submitting a motion for party status in this proceeding.

⁶ UC is concurrently submitting a motion for party status in this proceeding.

⁷ CEC Notice of Availability of the California Energy Demand 2020-2030, available at https://ww2.energy.ca.gov/business_meetings/2020_packets/2020-01-22/Item_05_California%20Energy%20Demand%20Forecast,%202019-2030_ADA.pdf

Beginning on March 17, 2020, to limit the spread of COVID-19, state leaders imposed restrictions on residents and businesses that are having profound impacts on all sectors of the California economy, including the energy sector. The CAISO released a report, dated May 5, 2020, specifying that, during the period of March 17 through April 26, average weekday load was reduced by 4.9% with weekday peak load reduced by as much as 7.5%; average weekend load was reduced by 1.1%, with weekend peak load reduced by as much as 3%.⁸ The LSE signatories to this Motion have noted similar effects on the loads they serve.

On April 20, 2020, LSEs submitted their individual load forecasts to the CEC for the 2021 RA compliance year in accordance with the annual RA process. Pursuant to Decision (“D.”) 19-06-026, LSEs are permitted to submit revised load forecasts to the CEC by May 15 “to account for unforeseen circumstances or new or relevant information in the forecasting process.”⁹ Some LSEs will be adjusting their April 20th forecasts as additional meter data become available to account for the effects of COVID-19 on the 2021 RA load forecasts and the uncertain economic recovery period that has not yet begun. After the CEC evaluates each LSE’s load forecast and makes any necessary “plausibility” adjustments, the CEC is then required to aggregate the LSEs’ load forecasts and adjust them *pro rata* “if the sum of the adjusted LSE load forecasts is 99% or less, or 101% or more, of the reference case forecast.”¹⁰ Thus, the CEC will likely be adjusting all of the LSEs’ good-faith, best-effort 2021 RA load forecasts upward *pro rata* to within 1% of the CEC’s 2019 IEPR forecast, which is now significantly out of date and non-reflective of actual and expected loads for 2021.

⁸ CAISO report available at: <http://www.aiso.com/Documents/COVID-19-Impacts-ISOLoadForecast-Presentation.pdf>

⁹ D.19-06-026, p. 28.

¹⁰ D.05-10-042, Conclusion of Law 19 and p. 86. See also, discussion of this process in D.19-06-26, p. 26.

The Joint Parties recognize that the energy sector must be fully prepared to support the economic recovery that will begin when the COVID-19 pandemic is over, but also want to balance the existing requirements with the realities of what is happening with load. That readiness must be matched by a recognition that many of California's residents and businesses have already been hit hard economically, and therefore opportunities to reduce energy costs must also be considered. To ensure that the appropriate balance between these two objectives is reached, the Joint Parties respectfully request that the effects of COVID-19 on the California economy and on the trajectory of economic recovery be addressed in a working group, discussed further below.

II. JOINT PARTIES' REQUEST

The Joint Parties request the formation of a working group to consider the economic and load impacts of COVID-19 on the California economy, the expected recovery period, and the anticipated effects on 2021 load. The working group should consist of representatives from the CEC, CPUC, CAISO, LSE and customer representatives and other interested parties to Rulemaking 19-11-009.

The Joint Parties ask that the working group be tasked with the following:

1. Investigating if the effects of COVID-19 warrant action to adjust the 2021 System RA requirements;
2. If action is determined to be necessary, identifying and recommending the appropriate mechanism to address it; and,
3. Identifying appropriate monitoring and potential adjustments to the recommended mechanism to ensure reliability in the event that load recovers faster than anticipated.

To the extent action is determined to be necessary, a variety of mechanisms to address the issue should be considered, including but not limited to:

- Consider modifying the existing procurement obligation percentages for LSEs' System RA procurement obligations in the annual filing due on October 31 and/or the monthly filing due at 45 days before the compliance month.
- Consider using the low economic case in the CEC's 2019 IEPR forecast adopted in January 2020 for the baseline of LSEs' System RA requirements for the 2021 RA compliance year.

The Joint Parties respectfully request expedited establishment of the working group and direction for an expedited timeline associated with the working group tasks to ensure the issue can be addressed in an appropriate time frame to address procurement changes deemed necessary if actions are identified by the working group.

III. CONCLUSION

Joint Parties respectfully request that the Commission grant this motion and look forward to further discussion and action on this matter of critical importance.

Respectfully submitted,

A handwritten signature in black ink that reads "Sue Mara". The signature is fluid and cursive, with the first name "Sue" and last name "Mara" clearly distinguishable.

Sue Mara

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